

LAUREATE EDUCATION, INC.

Form 10-Q

May 06, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

for the quarter ended March 31, 2005

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the transition period from to .

Commission File Number 0-22844

LAUREATE EDUCATION, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

52-1492296

(I.R.S. Employer
Identification No.)

1001 Fleet Street, Baltimore, Maryland

(Address of principal executive offices)

21202

(Zip Code)

Registrant's telephone number, including area code: **(410) 843-6100**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes . No .

The registrant had 49,398,959 shares of Common Stock outstanding as of April 29, 2005.

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SIGNATURE

LAUREATE EDUCATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(Dollar and share amounts in thousands, except per share data)

	March 31, 2005 (Unaudited)	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 104,812	\$ 105,629
Available-for-sale securities	11,816	4,515
Receivables:		
Accounts receivable	114,252	128,523
Notes receivable	100,867	85,450
Other receivables	4,328	3,507
	219,447	217,480
Allowance for doubtful accounts	(23,233)	(25,214)
	196,214	192,266
Inventory	4,855	4,647
Deferred income taxes	6,521	5,079
Income tax receivable	18,269	33,523
Prepaid expenses and other current assets	20,889	15,238
Current assets of discontinued operations		20,000
Total current assets	363,376	380,897
Other notes receivable, less current portion, net of allowance of \$5,478 and \$5,846 at March 31, 2005 and December 31, 2004, respectively	71,898	50,384
Property and equipment:		
Land	90,714	95,153
Buildings	259,091	266,524
Construction in-progress	7,575	3,154
Furniture, computer equipment and software	163,437	161,153
Leasehold improvements	59,813	56,788
	580,630	582,772
Accumulated depreciation and amortization	(102,900)	(97,180)
	477,730	485,592
Intangible assets:		
Goodwill	360,921	364,973
Tradenames and accreditations	174,776	174,694
Other intangible assets, net of accumulated amortization of \$10,484 and \$9,358 at March 31, 2005 and December 31, 2004, respectively	9,796	11,447
	545,493	551,114
Deferred income taxes	3,280	3,335
Deferred costs, net of accumulated amortization of \$11,112 and \$10,025 at March 31, 2005 and December 31, 2004, respectively	16,460	15,976
Other assets	23,255	16,371
Assets of discontinued operations		27,041
Total assets	\$ 1,501,492	\$ 1,530,710

See accompanying notes to financial statements.

LAUREATE EDUCATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

(Dollar and share amounts in thousands, except per share data)

	March 31, 2005 (Unaudited)	December 31, 2004
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 23,862	\$ 20,824
Accrued expenses	97,971	108,542
Income tax payable	14,369	15,423
Current portion of long-term debt	25,292	47,010
Current portion of due to shareholders of acquired companies	5,946	26,861
Deferred revenue	260,876	225,747
Deferred income taxes	497	1,205
Other current liabilities	9,526	10,482
Total current liabilities	438,339	456,094
Long-term debt, less current portion	81,208	86,605
Due to shareholders of acquired companies, less current portion	28,182	29,402
Deferred income taxes	21,979	22,446
Other long-term liabilities	19,960	19,990
Total liabilities	589,668	614,537
Commitments and contingent liabilities		
Minority interest	37,971	37,538
Stockholders equity:		
Preferred stock, par value \$.01 per share authorized 10,000 shares, no shares issued and outstanding as of March 31, 2005 and December 31, 2004		
Common stock, par value \$.01 per share authorized 90,000 shares, issued and outstanding shares of 49,318 and 48,813 as of March 31, 2005 and December 31, 2004, respectively	493	488
Additional paid-in capital	482,056	474,928
Retained earnings	360,585	355,989
Accumulated other comprehensive income	30,719	47,230
Total stockholders equity	873,853	878,635
Total liabilities and stockholders equity	\$ 1,501,492	\$ 1,530,710

See accompanying notes to financial statements.

LAUREATE EDUCATION, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(Dollar amounts in thousands, except per share data)

	Three months ended March 31,	
	2005	2004
	(Unaudited)	
Revenues	\$ 184,114	\$ 132,156
Costs and expenses		
Direct costs	171,884	122,563
General and administrative expenses	6,214	5,289
Non-cash stock compensation expense (1)	780	712
Total costs and expenses	178,878	128,564
Operating income	5,236	3,592
Other income (expense)		
Interest and other income	2,416	3,302
Interest expense	(2,374)	(1,558)
Foreign currency exchange gain	249	360
	291	2,104
Income from continuing operations before income taxes, minority interest, and equity in net loss of affiliates	5,527	5,696
Income tax expense	(691)	(707)
Minority interest in income of consolidated subsidiaries, net of tax	(892)	(2,474)
Equity in net loss of affiliates, net of tax	(90)	(8)
Income from continuing operations	3,854	2,507
Income (loss) from discontinued operations, net of income tax benefit (expense) of \$285 in 2005 and \$(186) in 2004	742	(2,891)
Net income (loss)	\$ 4,596	\$ (384)
Earnings (loss) per common share, basic:		
Income from continuing operations	\$ 0.08	\$ 0.06
Net income (loss)		